	ANNUAL STATEMENT	
	Including Supplements	
	OF THE	
of		
	TO THE	
	TO THE	
	Insurance Department	
	OF THE	
	STATE OF	
	FOR THE YEAR ENDED	



HEALTH ANNUAL STATEMENT

47155200220100100

FOR THE YEAR ENDING DECEMBER 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

Delta Dental Plan of Arkansas, Inc.

NAIC Group Code 0000 (Current Period)	0000 NAIC Company	Code 47155 Employ	rer's ID Number 71-0561140
Organized under the Laws of	(Prior Period) Arkansas	, State of Domicile or Port of	f Entry
Country of Domicile			
	fe, Accident & Health [] Prop	perty/Casualty [] Hosp	oital, Medical & Dental Service or Indemnity
••		, , ,	th Maintenance Organization [
Oi	ther [] Is HI		[]NO[]
Date Incorporated or Organized:	March 15, 1982	Date Commenced Busines	S: August 1, 1982
Statutory Home Office: 100 St	•		
Main Administrative Office:1		AR 72120 501-835-3400	
Mail Address: 100 Shadow Oaks	Drive Sherwood, AR 72120		
Primary Location of Books and	Records: 100 Shadow Oaks Drive	Sherwood, AR 72120	501-835-3400
Internet Website Address:ww	w.deltadentalar.com		
Statement Contact: Phyllis Roge	ers	501-992-1616 0	
	eltadentalar.com	501-992-1617	
(E-Mail Ad	,	(Fax Number)	
Policyowner Relations Contact:		wood, AR 72120 501-834-34	00 0
	OFFIC	EK5	
President E	Eddie Allen Choate		
	Robert Joe Matlock		
<u>_</u>			
Treasurer	larold Wayne Perrin		
Actuary			
	Vice-Pre	sidents	
Ina Lynn Harbert	Phyllis Lynn Rogers	Herman Eldon Hurd	Joe Stanley Carter, Jr.
Allen Dale Moore			
	DIRECTORS O	R TRUSTEES	
David Hiram Cole	Ronald Paul Ownbey	Harold Wayne Perrin	Robert Joe Matlock
Maxwell Usery Fleming	Earl Alexander Gladden	Robert Howard Gladden	Ebb Weldon Johnson
James Talbert Johnston	Daniel Austin Lieblong		
	-		
State of Arkansas			
County of Pulaski ss			
The officers of this reporting entity being duly above, all of the herein described assets we			
that this statement, together with related exh	nibits, schedules and explanations therein co	intained, annexed or referred to, is a full an	d true statement of all the assets and
liabilities and of the condition and affairs of to and have been completed in accordance with	h the NAIC Annual Statement Instructions ar	nd Accounting Practices and Procedures m	nanual except to the extent that: (1) state
law may differ; or, (2) that state rules or reguinformation, knowledge and belief, respectiv		elated to accounting practices and procedu	res, according to the best of their
(Signature)	(Sign	ature)	(Signature)
Eddie Allen Choate	Robert J	oe Matlock	Harold Wayne Perrin
(Printed Name)		ed Name)	(Printed Name)
President	Secr	retary	Treasurer
Subscribed and sworn to before me this		a. Is this an original fili	ing? YES [X]NO[]
21st day of February	, 2003	b. If no: 1. State	the amendment number
		2. Date t	filed
		3. Numb	per of pages attached

ASSETS

			Current Year		Prior Year
		1	2	3	4
			Nonadmitted	Net Admitted	Net Admitted
		Assets	Assets	Assets	Assets
1.	Bonds	14,696,858		14,696,858	13,632,163
2.	Stocks:				
	2.1 Preferred stocks				
	2.2 Common stocks	2,521,172		2,521,172	3,197,949
3.	Mortgage loans on real estate:				
	3.1 First liens				
	3.2 Other than first liens				
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company				
	(less \$ 0 encumbrances)	3,249,023	502,620	(a) 2,746,403	997,486
	4.2 Properties held for the production of income				
	(less \$ 0 encumbrances)				
	4.3 Properties held for sale				
	(less \$ 0 encumbrances)				
5.	Cash (\$ 3,088,080 , Schedule E-Part 1) and short-term				
	investments (\$ 0 , Schedule DA-Part 2)	3,088,080		3,088,080	4,039,189
6.	Other long-term invested assets				
7.	Receivable for securities				
8.	Aggregate write-ins for invested assets				59,560
	Subtotal cash and invested assets (Lines 1 to 8)	23,555,133	502,620	23,052,513	21,926,347
	Accident and health premiums due and unpaid	000 000		269,026	568,562
	Health care receivables				
12.	Amounts recoverable from reinsurers			********************	
13.	Net adjustment in assets and liabilities due to foreign				
	exchange rates				
14.	Investment income due and accrued	122,448		122,448	184,719
15.	Amounts due from parent, subsidiaries and affiliates			******************	
	Amounts receivable relating to uninsured accident and				
	health plans	3,506,129		3,506,129	2,498,373
17.	Furniture and equipment	213,681	213,681		473,098
	Amounts due from agents			********************	
	Federal and foreign income tax recoverable and interest thereon			********************	
	(including \$ 0 net deferred tax asset)				
20.	Electronic data processing equipment and software			512,729	
	Other nonadmitted assets				
	Aggregate write-ins for other than invested assets	65,631	64,451	1,180	
	Total assets (Lines 9 plus 10 through 22)	28,244,777	780,752	27,464,025	25,651,099
	DETAILS OF WRITE-INS				
0801	PREPAID EXPENSES				59,260
0802	2. MISCELLANEOUS RECEIVABLE			********************	300
0803	3.			********************	
	3. Summary of remaining write-ins for Line 8 from overflow page				
0899					59,560
		24.1-1	21		55,500
l .	PREPAID EXPENSES	64,451	64,451		
l .	2. MISCELLANEOUS RECEIVABLE	1,180		1,180	
2203					
	3. Summary of remaining write-ins for Line 22 from overflow page		A		
2299	9. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	65,631	64,451	1,180	<u> </u>

 ^{[2299.} Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)

 (a) \$ 0 health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

			Current Year		Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
	Claims unpaid (less \$ 0 reinsurance ceded)	2,127,000		2,127,000	2,500,000
2.	Accrued medical incentive pool and bonus payments				
3.	Unpaid claims adjustment expenses	97,740		97,740	122,015
4.	Aggregate policy reserves				
5.	Aggregate claim reserves				
6.	Premiums received in advance	740,790		740,790	364,536
7.	Genereral expenses due or accrued	632,008		632,008	727,426
8.	Federal and foreign income tax payable and interest thereon (including \$0				
	on realized capital gains (losses))(including \$				
	Amounts withheld or retained for the account of others				
10.	Borrowed money (including \$ 0 current) and interest				
	thereon \$ 0 (including \$ 0 current)				
11.	Amounts due to parent, subsidiaries and affiliates				
12.	Payable for securities				
13.	Funds held under reinsurance treaties with				
l	(\$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
	Reinsurance in unauthorized companies				
	Net adjustments in assets and liabilities due to foreign exchange rates				
16.	Liability for amounts held under uninsured accident and health plans	2,453,553		2,453,553	2,323,550
17.	Aggregate write-ins for other liabilities (including \$ 0 current)	55,317		55,317	49,800
18.	Total liabilities (Lines 1 to 17)	6,106,408		6,106,408	6,087,327
19.	Common capital stock	X X X	XXX		
20.	Preferred capital stock		X X X		
21.	Gross paid in and contributed surplus	X X X	X X X		
1	Surplus notes		X X X		
	Aggregate write-ins for other than special surplus funds		XXX	50,000	50,000
	Unassigned funds (surplus)	X X X	X X X	21,307,617	19,513,772
25.	Less treasury stock, at cost:				
	25.1 0 shares common (value included in Line 19 \$ 0)		XXX		
	25.2 0 shares preferred (value included in Line 20 \$ 0)		XXX		
	Total capital and surplus (Lines 19 to 25)	X X X	XXX	21,357,617	19,563,772
27.	Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	27,464,025	25,651,099
	DETAILS OF WRITE-INS				
	1701. Accrued premium tax	55,317		55,317	49,800
	1702.	[
	1703.				
	1798. Summary of remaining write-ins for Line 17 from overflow page				
	1799. Totals (Lines 1701 through 1703 plus 1798) (Line 17 above)	55,317		55,317	49,800
	2301.	XXX	XXX	50,000	50,000
	2302.	× · · · · · · · · · · · · × × ×	XXX	30,000	50,000
	2303.	·· · · · · · · · · · · · · × × ×	······································		
	2398. Summary of remaining write-ins for Line 23 from overflow page	× XXX	XXX		
	2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	50,000	50,000
L	2000. Totalo (Linos 200 Filinough 2000 pius 2000) (Lino 20 above)	^^^	^^^	30,000	30,000

STATEMENT OF REVENUE AND EXPENSES

		Current	t Year	Prior Year
		1	2	3
		Uncovered	Total	Total
1.	Member Months	XXX	1,227,487	
''		****	,,==:,,	
	Net premium income	X X X	42,089,864	38,467,149
	Change in unearned premium reserves and reserve for rate credits Fee-for-service (net of \$ 0 medical expenses)	XXX		
	Dialy assessed	VVV		
) 5.	Aggregate write-ins for other health care related revenues	V V V		
7.	Total revenues (Lines 2 to 6)	XXX	42,089,864	38,467,149
	ical and Hospital: Hospital/medical benefits		36,011,966	31,395,952
			00,011,000	01,000,002
	Other professional services Outside referrals			* * * * * * * * * * * * * * * * * * * *
11.	Emergency room and out-of-area			
	Prescription Drugs			
13.	Aggregate write-ins for other medical and hospital			
14.	Incentive pool and withhold adjustments Subtotal (Lines 8 to 14)			
15.	Subtotal (Lines 8 to 14)		36,011,966	31,395,952
Less				
	Net reinsurance recoveries Total medical and hospital (Lines 15 minus 16)		00 044 000	31,395,952
	Obelies of Produced Conservation	I I		
	Claims adjustment expenses		1,411,176 3,254,317	1,109,110
	General administrative expenses			1,734,567
20.	Increase in reserves for accident and health contracts			695,648
21.	Total underwriting deductions (Lines 17 through 20)		40,677,459	34,935,277
	Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	1,412,405	3,531,872
	Net investment income earned		697,059	900,847
	Net realized capital gains or (losses)		638,813	83,187
	Net investment gains or (losses) (Lines 23 plus 24)		1,335,872	984,034
	Net gain or (loss) from agents' or premium balances charged off [(amount			
	recovered \$ 0) (amount charged off \$ 0)]			
	Aggregate write-ins for other income or expenses		185,281	89,172
28.	Net income or (loss) before federal income taxes (Lines 22 plus 25			
	plus 26 plus 27)		2,933,558	4,605,078
29.	Federal and foreign income taxes incurred	XXX		
30.	Net income (loss)(Lines 28 minus 29)	XXX	2,933,558	4,605,078
	DETAILS OF WRITE-INS			
0601		XXX		
0602		XXX		
0603		XXX		
	Summary of remaining write-ins for Line 6 from overflow page	XXX		
U699	. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX		
1301				
1302				
1303	•	[*******
1398	. Summary of remaining write-ins for Line 13 from overflow page			
1399	. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)			
2701	. MISCELLANEOUS INCOME		31,966	89,172
	OCCUPANCY OF OWN BUILDING INCOME	-	153,315	
2702	**************		100,010	
	Summary of remaining write-ins for Line 27 from overflow page			* * * * * * * * * * * * * * * * * * * *
	. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	+	185,281	89,172
L2199	. Totals (Lines 2701 tillough 2703 plus 2790) (Line 27 above)		105,201	09,172

STATEMENT OF REVENUE AND EXPENSES (Continued)

	CADITAL & CUIDDI LIC ACCOUNT	1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
31.	Capital and surplus prior reporting year	19,563,772	14,914,314
	GAINS AND LOSSES TO CAPITAL & SURPLUS		
32.	Net income or (loss) from Line 30	2,933,558	4,605,078
33.	Change in valuation basis of aggregate policy and claim reserves		
1	Net unrealized capital gains and losses		113,712
ı	Change in net unrealized foreign exchange capital gain or (loss)	1	
36.		1	
37.	Change in nonadmitted assets	I	(69,332)
ı	Change in unauthorized reinsurance	I	
ı	Change in treasury stock	I	
ı	Change in surplus notes	I	
ı	Cumulative effect of changes in accounting principles	I	
l	Capital Changes:		
	42.1 Paid in		
	42.2 Transferred from surplus (Stock Dividend)	1	
	42.3 Transferred to surplus	I	
43.	Surplus adjustments:		
	43.1 Paid in		
	43.2 Transferred to capital (Stock Dividend)		
	43.3 Transferred from capital		
44.	Dividends to stockholders		
45.	Aggregate write-ins for gains or (losses) in surplus		
46.	Net change in capital and surplus (Lines 32 to 45)	1,793,845	4,649,458
47.	Capital and surplus end of reporting year (Line 31 plus 46)	21,357,617	19,563,772
450	DETAILS OF WRITE-INS 1.		
450 450	2.		
	8. Summary of remaining write-ins for Line 45 from overflow page		

CASH FLOW

			1
	Cash from Operations	1 Current	2 Prior
 	tramiums and revenues collected not of reincurence	Year 42 390 400	Year 29 467 140
1	Premiums and revenues collected net of reinsurance		
1	Claims and claims adjustment expenses		32,075,415 1,074,217
1	Seneral administrative expenses paid		1,074,217
1	Other underwriting income (expenses) Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)		5,317,517
I			
1	let investment income Other income (expenses)		
1	ederal and foreign income taxes (paid) recovered		
1	let cash from operations (Lines 5 to 8)		5,317,517
	Cash from Investments	2,101,000	5,517,617
10. P	Proceeds from investments sold, matured or repaid:		
	0.1 Bonds	12,644,379	4.412.686
l	0.0 Ck-sk-		
	0.3 Mortgage loans		
1	0.4 Real estate		
l	0.5 Other invested assets		
	0.6 Net gains or (losses) on cash and short-term investments		
l .	0.7 Miscellaneous proceeds		
1	0.8 Total investment proceeds (Lines 10.1 to 10.7)		4,412,686
l	cost of investments acquired (long-term only):		
	1.1 Bonds	13,196,160	14,459,820
I	1.2 Stocks		3,197,949
1	1.3 Mortgage loans		
I	1.4 Real estate	2 142 020	
1	1.5 Other invested assets		
1	1.6 Miscellaneous applications		
1	1.7 Total investments acquired (Lines 11.1 to 11.6)		17,657,769
I	let cash from investments (Line 10.8 minus Line 11.7)		
	Cash from Financing and Miscellaneous Sources		
13. C	Cash provided:		
1:	3.1 Surplus notes, capital and surplus paid in		
1:	3.2 Net transfers from affiliates		
1:	3.3 Borrowed funds received		
13	3.4 Other cash provided		
13	3.5 Total (Lines 13.1 to 13.4)		
14. C	Cash applied:		
I	4.1 Dividends to stockholder paid		
1.	4.2 Net transfers to affiliates		
l .	4.3 Borrowed funds repaid		
I	4.4 Other applications		1,325,157
1	4.5 Total (Lines 14.1 to 14.4)		
15. N	let cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(334,226)	(1,325,157)
	RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS	/2-/	/2 222 ===
1	let change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(951,109)	(9,252,723)
	cash and short-term investments:		
l .			
1	7.2 End of year (Line 16 plus Line 17.1)	3,088,080	4,039,189

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

				ı	1		1			1			
	1	2	3	4	5	6	7	8	9	10	11	12	13
							Federal						
		Comprehensive					Employees	Title	Title				
		(Hospital &	Medical	Medicare	Dental	Vision	Health	XVIII	XIX	Stop	Disability	Long-term	
	Total	Medical)	Only	Supplement	Only	Only	Benefit Plan	Medicare	Medicaid	Loss	Income	Care	Other
Net premium income	42,089,864				42,089,864								
Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$ 0 medical expenses)													
4. Risk revenue													
Aggregate write-ins for other health care related revenues													
6. Total revenues (Lines 1 to 5)	42,089,864				42,089,864								
7. Medical/hospital benefits	36,011,966	*******			36,011,966								
8. Other professional services		*******											
9. Outside referrals													
10. Emergency room and out-of-area													
11. Prescription Drugs													
12. Aggregate write-ins for other medical and hospital		*******			* * * * * * * * * * * * * * * * * * * *		* * * * * * * * * * * * * * * * * * * *						
13. Incentive pool and withhold adjustments		*******			* * * * * * * * * * * * * * * * * * * *		* * * * * * * * * * * * * * * * * * * *						
14. Subtotal (Lines 7 to 13)	36,011,966	*******			36,011,966								
15. Net reinsurance recoveries													
16. Total medical and hospital (Lines 14 minus 15)	36,011,966				36,011,966								
17. Claims adjustment expenses	1,411,176				1,411,176								
18. General administrative expenses	3,254,317				3,254,317								
19. Increase in reserves for accident and health contracts		*******					* * * * * * * * * * * * * * * * * * * *						
20. Total underwriting deductions (Lines 16 to 19)	40,677,459	*******			40,677,459		* * * * * * * * * * * * * * * * * * * *						
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	1,412,405				1,412,405								
DETAILS OF WRITE-INS													
0501.													
0502. 0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)													
							 						
1201.													
1202. 1203.													
1203. 1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)							 						
· · · · · · · · · · · · · · · · · · ·										Ĭ .			

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PART 1 - PREMIUMS

		1 Direct	2 Reinsurance	3 Reinsurance	4 Net Premium Income
	Line of Business	Business	Assumed	Ceded	(Cols. 1 + 2 - 3)
1.	Comprehensive (medical and hospital)				
2.	Medicare Supplement				
3.	Dental only	42,089,864			42,089,864
4.	Vision only				
5.	Federal Employees Health Benefits Plan Premiums				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other				
9.	Totals	42,089,864			42,089,864

	_								
	1	2	3	4	5	6 Federal Employees	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
Payments during the year:									
1.1 Direct	36,384,966			36,384,966					
1.2 Reinsurance assumed1.3 Reinsurance ceded									
1.4 Net	36,384,966			36,384,966					
Paid medical incentive pools and bonuses									
Claim Liability December 31, current year from Part 2A:				* * * * * * * * * * * * * * * * * * * *			* * * * * * * * * * * * * * * * * * * *		******
3.1 Direct	2,127,000			2,127,000					
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	2,127,000			2,127,000					
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct 4.2 Reinsurance assumed									
4.2 Reinsurance assumed 4.3 Reinsurance ceded									* * * * * * * * * * * * * * * * * * * *
4.4 Net									
Accrued medical incentive pools and bonuses, current year									
Amounts recoverable from reinsurers December 31, current year									
7. Claim Liability December 31, prior year from Part 2A:									
7.1 Direct	2,500,000			2,500,000					
7.2 Reinsurance assumed									
7.3 Reinsurance ceded				2.500.000					
***************************************	2,500,000			2,500,000					
Claim reserve December 31, prior year from Part 2D: 8.1 Direct							İ		
8.2 Reinsurance assumed									
8.3 Reinsurance ceded	*******************			* * * * * * * * * * * * * * * * * * * *					* * * * * * * * * * * * * * * * * * * *
8.4 Net									
Accrued medical incentive pools and bonuses, prior year									
Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	36,011,966			36,011,966					
11.2 Reinsurance assumed							1		
11.3 Reinsurance ceded									
11.4 Net	36,011,966			36,011,966					
12. Incurred medical incentive pools and bonuses				1					

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6 Federal Employees	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
Reported in Process of Adjustment: 1.1 Direct									
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net									
Incurred but Unreported: 2.1 Direct	2,127,000			2,127,000					
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net				2,127,000					
Amount Withheld from Paid Claims and Capitations: 3.1 Direct									
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net									
4. TOTALS:									
4.1 Direct	2,127,000			2,127,000					
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	2,127,000			2,127,000					
7.7 100	2,127,000			2,121,000		******			

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

	Clai Paid Durin	Claims Claim Reserve and Claim Liability Paid During the Year December 31 of Current Year				6
Line of Business	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Comprehensive (medical and hospital)						
2. Medicare Supplement			************			
3. Dental Only	2,163,958	34,221,008	2,457	2,124,543	2,166,415	2,500,000
4. Vision Only						* * * * * * * * * * * * * * * * * * * *
5. Federal Employees Health Benefits Plan Premiums	*****		* * * * * * * * * * * * * * * * * * * *			
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	****	*******	****			*****
8. Other	****	********	****			*****
9. Subtotal	2,163,958	34,221,008	2,457	2,124,543	2,166,415	2,500,000
10. Medical incentive pools, accruals and disbursements						
11. Totals	2,163,958	34,221,008	2,457	2,124,543	2,166,415	2,500,000

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Hospital & Medical Section A - Paid Claims

			Net Amounts Paid									
Year in Which Losses	1	1 2 3 4 5										
Were Incurred	1998	1999	2000	2001	2002							
1. Prior												
2. 1998												
3. 1999	xxx											
4. 2000	xxx	xxx										
5. 2001	xxx	XXX	XXX									
6. 2002	XXX	XXX	XXX	XXX								

Section B - Incurred Claims

		Sum of Net Amou	nt Paid and Claim Liability and Reserve Outstandi	ng at End of Year	
Year in Which Losses	1	2	3	4	5
Were Incurred	1998	1999	2000	2001	2002
1. Prior					
2. 1998					
3. 1999	xxx				
4. 2000	XXX	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

	1	2	3	4	5	6	7	8	9 Tatal Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			xxx		XXX				xxx
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX		XXX		XXX	XXX	XXX	

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Medicare Supplement Section A - Paid Claims

			Net Amounts Paid		
Year in Which Losses Were Incurred	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	XXX				
4. 2000	xxx	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

Section B - Incurred Claims

			Sum of Net Amou	nt Paid and Claim Liability and Reserve Outstandi	ng at End of Year	
_	Year in Which Losses	1	2	3	4	5
- 2	Were Incurred	1998	1999	2000	2001	2002
. [1. Prior					
	2. 1998					
	3. 1999	XXX				
	4. 2000	XXX	XXX			
	5. 2001	XXX	XXX	XXX		
	6. 2002	XXX	XXX	XXX	XXX	

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001			* * * * * * * * * * * * * * * * * * * *	******			* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *		
6. 2002										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX		XXX		XXX	XXX	XXX	

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Dental Only

Section A - Paid Claims

	Net Amounts Paid							
Year in Which Losses Were Incurred	1 1998	2 1999	3 2000	4 2001	5 2002			
1. Prior	2,122							
2. 1998	19,917	2,645						
3. 1999	XXX	26,106	2,300					
4. 2000	XXX	XXX	27,892	2,299				
5. 2001	XXX	XXX	xxx	29,789	2,164			
6. 2002	XXX	XXX	XXX	XXX	34,221			

Section B - Incurred Claims

		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year										
_	Year in Which Losses	1	2	3	4	5						
N	Were Incurred	1998	1999	2000	2001	2002						
. [1. Prior											
	2. 1998	2,833										
	3. 1999	XXX	2,912									
	4. 2000	XXX	XXX	3,180	3							
	5. 2001	XXX	XXX	XXX	2,497	2						
	6. 2002	XXX	XXX	XXX	XXX	2,125						

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002	42,090	36,385	1,411	3.878	37,796	89.798	2,127	98	40,021	95.084
7. Total (Lines 1 through 6)	XXX	36,385	1,411	XXX	37,796	XXX	2,127	98	40,021	XXX
8. Total (Lines 2 through 6)	42,090	XXX	XXX	3.878	XXX	89.798	XXX	XXX	XXX	95.084

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Vision Only

Section A - Paid Claims

			Net Amounts Paid		
Year in Which Losses Were Incurred	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	100			=001	
2. 1998					
3. 1999	XXX				
4. 2000	XXX	xxx			
5. 2001	XXX	xxx	XXX		
6. 2002	XXX	XXX	XXX	XXX	

Section B - Incurred Claims

		Sum of Net Amou	nt Paid and Claim Liability and Reserve Outstandi	ng at End of Year	
Year in Which Losses	1	2	3	4	5
Were Incurred	1998	1999	2000	2001	2002
1. Prior					
2. 1998					
3. 1999	xxx				
4. 2000	XXX	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001			* * * * * * * * * * * * * * * * * * * *	******			* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *		
6. 2002										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX		XXX		XXX	XXX	XXX	

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Federal Employees Health Benefits Plan Premiums Section A - Paid Claims

			Net Amounts Paid		
Year in Which Losses Were Incurred	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	XXX				
4. 2000	xxx	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

Section B - Incurred Claims

	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year												
ا ـ	Year in Which Losses	1	2	3	4	5							
~ L	Were Incurred	1998	1999	2001	2002								
. [1. Prior												
	2. 1998												
	3. 1999	XXX											
	4. 2000	XXX	XXX										
	5. 2001	XXX	XXX	XXX									
	6. 2002	XXX	XXX	XXX	XXX								

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001			* * * * * * * * * * * * * * * * * * * *	******			* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *		
6. 2002										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX		XXX		XXX	XXX	XXX	

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Title XVIII - Medicare Section A - Paid Claims

			Net Amounts Paid		
Year in Which Losses	1	2	3	4	5
Were Incurred	1998	1999	2000	2001	2002
1. Prior					
2. 1998					
3. 1999	XXX				
4. 2000	XXX	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

Section B - Incurred Claims

	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year												
ا ـ	Year in Which Losses	1	2	3	4	5							
~ L	Were Incurred	1998	1999	2001	2002								
. [1. Prior												
	2. 1998												
	3. 1999	XXX											
	4. 2000	XXX	XXX										
	5. 2001	XXX	XXX	XXX									
	6. 2002	XXX	XXX	XXX	XXX								

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX		XXX		XXX	XXX	XXX	

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Title XIX - Medicaid Section A - Paid Claims

			Net Amounts Paid		
Year in Which Losses Were Incurred	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	XXX				
4. 2000	xxx	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

Section B - Incurred Claims

			Sum of Net Amou	nt Paid and Claim Liability and Reserve Outstandi	ng at End of Year	
_	Year in Which Losses	1	2	3	4	5
~ L	Were Incurred	1998	1999	2000	2001	2002
	1. Prior					
	2. 1998					
	3. 1999	XXX				
	4. 2000	XXX	XXX			
	5. 2001	XXX	XXX	XXX		
	6. 2002	XXX	XXX	XXX	XXX	

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001			* * * * * * * * * * * * * * * * * * * *	******			* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *		
6. 2002										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX		XXX		XXX	XXX	XXX	

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Other

Section A - Paid Claims

			Net Amounts Paid		
Year in Which Losses	1	2	4	5	
Were Incurred	1998	1999	2000	2001	2002
1. Prior					
2. 1998					
3. 1999	XXX				
4. 2000	XXX	xxx			
5. 2001	XXX	xxx	XXX		
6. 2002	XXX	XXX	XXX	XXX	

Section B - Incurred Claims

		Sum of Net Amou	nt Paid and Claim Liability and Reserve Outstandi	ng at End of Year			
Year in Which Losses	1	2	3	4	5		
Were Incurred	1998	1999	2000	2001	2002		
1. Prior							
2. 1998							
3. 1999	xxx						
4. 2000	XXX	XXX					
5. 2001	XXX	XXX	XXX				
6. 2002	XXX	XXX	XXX	XXX			

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX		XXX		XXX	XXX	XXX	

PART 2C - DEVELOPMENT OF INCURRED CLAIMS (000 Omitted)

Grand Total

Section A - Paid Claims

		Net Amounts Paid						
Year in Which Losses	1	2	3	4	5			
Were Incurred	1998	1999	2000	2001	2002			
1. Prior	2,122							
2. 1998	19,917	2,645						
3. 1999	l xxx	26,106	2,300					
4. 2000	l xxx	XXX	27,892	2,299				
5. 2001	l xxx	XXX	XXX	29,789	2,164			
6. 2002	XXX	XXX	XXX	XXX	34,221			

Section B - Incurred Claims

		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year						
_	Year in Which Losses	1	2	3	4	5		
~ L	Were Incurred	1998	1999	2000	2001	2002		
. [1. Prior							
	2. 1998	2,833						
	3. 1999	XXX	2,912					
	4. 2000	XXX	XXX	3,180	3			
	5. 2001	XXX	XXX	XXX	2,497	2		
L	6. 2002	XXX	XXX	XXX	XXX	2,125		

	1	2	3	4	5	6	7	8	9 Total Claims and	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. Prior to 1998	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002	42,090	36,385	1,411	3.878	37,796	89.798	2,127	98	40,021	95.084
7. Total (Lines 1 through 6)	XXX	36,385	1,411	XXX	37,796	XXX	2,127	98	40,021	XXX
8. Total (Lines 2 through 6)	42,090	XXX	XXX	3.878	XXX	89.798	XXX	XXX	XXX	95.084

NONE Underwriting and Investment Exhibit - Part 2D

PART 3 - ANALYSIS OF EXPENSES

		1	2	3	4
		Claim	General		
		Adjustment	Administrative	Investment	
		Expenses	Expenses	Expenses	Total
1.	Rent (\$ 0 for occupancy of own building)	55,378	97,937		153,315
2.	Salaries, wages and other benefits	1,723,385	3,047,807		4,771,192
3.	Commissions (less \$ 0 ceded				
	plus \$ 0 assumed)		2,524,292		2,524,292
4.	Legal fees and expenses		45,324		70,952
5.	Certifications and accreditation fees				
6.	Auditing, actuarial and other consulting services		124,274		194,545
7.	Traveling expenses	E0 0C4	104,101		162,965
8.	Marketing and advertising		93,710		93,710
9.	Postage, express and telephone	348.142	615,690		963,832
10.	Printing and office supplies	65 106	115,140		180,246
11.	Occupancy, depreciation and amortization	0 047	15,647	* * * * * * * * * * * * * * * * * * * *	24,494
12.	Equipment	13,266	23,460	* * * * * * * * * * * * * * * * * * * *	36,726
13.	Cost or depreciation of EDP equipment and software	113,534	200,784	* * * * * * * * * * * * * * * * * * * *	314,318
14.	Outsourced services incuding EDP, claims, and other services	1,443,958			1,443,958
15.	Boards, bureaus and association fees		374,182		374,182
16.	Inquirence, except on real extets	20.010	53,073		83,083
	Collection and hank convice charges	120 426		* * * * * * * * * * * * * * * * * * * *	138,436
18.	Once and administration for				100,400
19.	Deimburgements by unincured assistant and health plans	(2.054.464)	(5,042,817)		(7,894,281)
20.	Daimburgamenta from fiscal intermediarias		(3,042,017)		(7,094,201)
	Deal actata assuments	00.700	40,179		62,899
22.	Deal astate toyon	6 720	11,903	* * * * * * * * * * * * * * * * * * * *	18,633
	Taxes, licenses and fees:			* * * * * * * * * * * * * * * * * * * *	10,000
20.	O2 4 Ctata and level incommon taxon				
	22.2 Chata promisem torres		209.257	* * * * * * * * * * * * * * * * * * * *	209,257
	23.3 Regulator authority licenses and fees		209,237		209,237
	23.4 Payroll taxes	99.546	176,047		275,593
	* *************************************		25,518		273,393
0.4	23.5 Other (excluding federal income and real estate taxes)		20,510		20,010
24.	Investment expenses not included elsewhere		200.000		407.000
25.	Aggregate write-ins for expenses		398,809		437,628
	Total expenses incurred (Lines 1 to 25)		3,254,317		(a) 4,665,493
	Add expenses unpaid December 31, prior year		77,942		122,015
l .	Less expenses unpaid December 31, current year	35,304	62,436		97,740
29.	Amounts receivable relating to uninsured accident and health				
20	plans, prior year				
30.	Amounts receivable relating to uninsured accident and health				
24	plans, current year		2 200 002		4 000 700
3 1.	Total expenses paid (Lines 26 plus 27 minus 28 plus 29 plus 30) DETAILS OF WRITE-INS	1,419,945	3,269,823		4,689,768
2501	Charitable Contributions		58,559		58,559
	Miscellaneous Expense	4,221	7,464		11,685
	Processing Expense	12,336	21,815		34,151
	Summary of remaining write-ins for Line 25 from overflow page	22,262	310,971		333,233
	Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	38,819	398,809		437,628
2000.	10tais (Lines 2001 tillough 2000 + 2000) (Line 20 above)	30,019	390,009		431,020

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 647,350	490,765
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 6,000	6,000
1.3 Bonds of affiliates 2.1 Preferred stocks (unaffiliated)	(a) (b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unatfiliated)	42,256	42,256
2.21 Common stocks of affiliates	I	
3. Mortgage loans	(c)	
4. Real estate 5. Contract loans	(d)	
5. Contract loans 6. Cash/short-term investments	(e) 158,953	158,038
7. Derivative instruments	(f).	1,00,000
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	854,559	697,059
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
Depreciation on real estate and other invested assets Aggregate write-ins for deductions from investment income		(9
Total deductions (Lines 11 through 15)	• • • • • • • • • • • • • • • • • • • •	
17. Net investment income - (Line 10 minus Line 16)		697,059
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page 1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		
(a) Includes \$ 0 accrual of discount less \$ 153,869 amortization of premium and les (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and les (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and les (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and les (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium. (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fe to segregated and Separate Accounts.	s \$ 0 paid for accrued s \$ 0 paid for accrued 0 paid for accrued 0 interest on encumbrances. s \$ 0 paid for accrued	dividends on purchases. interest on purchases. interest on purchases.
(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes. (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other inv	ested assets.	

EXHIBIT OF CAPITAL GAINS (LOSSES)

	Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
U.S. Government bonds	638,813				638,813
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates 3. Mortgage loans					
A Dalata					
Real estate Contract loans			* * * * * * * * * * * * * * * * * * * *		
6. Cash/short-term investments					
7. Derivative instruments					
8. Other invested assets					
Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	638,813				638,813
DETAILS OF WRITE-INS					
0901. 0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)					

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

		1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1.	Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2	213,681	312,815	99,134
2.	Other Nonadmitted Assets: 2.1 Bills receivable			
	2.2 Leasehold improvements			
	2.3 Cash advanced to or in hands of officers and agents			
	2.4 Leans on personal acquirity andersed or not			
	2.5 Commuted commissions			
3.	Total (Lines 2.1 to 2.5)			
4.	Aggregate write-ins for other assets	567,071		(567,071)
5.	Total (Line 1 plus Line 3 and 4)	780,752	312,815	(467,937)
	DETAILS OF WRITE-INS			
0401.	Prepaid Expenses	64,451		(64,451)
0402.	Real Estate in excess of state limit of 10%	502,620		(502,620)
0403.				
0498.	Summary of remaining write-ins for Line 4 from overflow page			
0499.	Totals (Lines 0401 through 0403 plus 0498) (Line 4 above)	567,071		(567,071)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

		Total Members at End of						
Source of Enrollment	1 Prior Year	2 First	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months		
Source of Embinners	i eai	Quarter	Quarter	Quarter	i eai	WOTHERS		
Health Maintenance Organizations								
Provider Service Organizations								
Preferred Provider Organizations								
4. Point of Service								
5. Indemnity Only								
Aggregate write-ins for other lines of business	92,759	101,137	102,272	101,658	104,766	1,227,487		
7. Total	92,759	101,137	102,272	101,658	104,766	1,227,487		
DETAILS OF WRITE-INS 0601. Dental Only	92,759	101,137	102,272	101,658	104,766	1,227,487		
0602.	***************************************							
0603.								
0698. Summary of remaining write-ins for Line 6 from overflow page								
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	92,759	101,137	102,272	101,658	104,766	1,227,487		

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. The accompanying financial statements of the organization have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual.
- b. The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The actual results could differ from these estimates.
- c. (1) Short-term investments with a maturity of three months or less at the time of purchase are reported as cash equivalents.
 - (2) Corporate bonds are stated at market value.
 - (3) Common stocks are stated at market value.
 - (6) US Treasury Bonds and government agency securities are stated at amortized cost.
 - (7) The organization plans to consolidate the financial statement activity of Omega Administrators, Inc. (a wholly-owned subsidiary).
- d. Dental premiums are billed in advance and are included in income ratably over the period to which they apply; accordingly, the portion of dental premiums applicable to future periods is included in the statements of admitted assets, liabilities, capital and surplus statutory basis as unearned premiums. Dental care costs are accrued as services are rendered, including estimates of costs incurred but not yet reported.

Claims incurred and unpaid include both claims in process and a provision for incurred but not reported claims. The provision for incurred but not reported claims is an actuarially determined and certified estimate based on experience and accumulated statistical data. The methods for making such actuarially determined and certified estimates and for establishing the resulting liability are continually reviewed. Provision is also made for estimated claims processing costs to be incurred in paying such claims. Management believes the amounts reflected for these liabilities are adequate; however, the ultimate liabilities may differ from the amounts recorded and any adjustments are reflected in current earnings.

- e. Under the organization's cash management system, checks issued but not presented to banks frequently result in overdraft balances for accounting purposes and are included as "Cash and Short-Term Investments" in the statements of admitted assets, liabilities, capital and surplus statutory basis
- f. The organization maintains deposits from certain employer groups with administrative services contracts. These deposits represent a prefunding of expected costs under the contract.

NOTE 2 - ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

None.

NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL

None.

NOTE 4 - DISCONTINUED OPERATIONS

None.

NOTE 5 - INVESTMENTS

d. (3) Loan-backed securities (government agencies) are stated at amortized cost.

NOTE 6 - JOIN VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

None.

NOTE 7 - INVESTMENT INCOME

- a. Due and accrued investment income is recorded in compliance with the NAIC Annual Statement Instructions and Accounting Practices and Procedure Manual.
- b. The total amount excluded was \$0.

NOTE 8 - DERIVATIVE INSTRUMENTS

None.

NOTE 9 - INCOME TAXES

As a 501(c)4 entity under the Internal Revenue Code, the organization is not subject to federal income tax.

NOTE 10 - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

a. On December 3, 2002, the organization incorporated Omega Administrators, Inc. (Omega) as a wholly owned for-profit subsidiary. Omega issued no stock and had no activity through December 31, 2002.

NOTE 11 - DEBT

b. At December 31, 2002, the organization had two outstanding lines of credit totalling \$2,350,000 available for use in its business operations.

NOTES TO FINANCIAL STATEMENTS

The first line of credit totals \$2,000,000 and was established for use "in case of emergencies or instances of natural disaster". This line of credit is unsecured and will mature on November 12, 2003. Interest accrues at a variable rate to be determined daily as .250% below the Wall Street Journal Prime Rate. Currently the interest rate approximates 4.50%. At December 31, 2002, no amounts had been drawn on this line of credit.

The second line of credit totals \$350,000 and was established for use as "overdraft protection". This line of credit is unsecured and will mature on November 12, 2003. Interest accrues at a variable rate to be determined daily as .250% below the Wall Street Journal Prime Rate. Currently the interest rate approximates 4.50%. At December 31, 2002, no amounts had been drawn on this line of credit

NOTE 12 - RETIREMENT PLANS, DEFERRED COMPENSATION, POSTRETIREMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

Currently, the organization has two active retirement plans available for its eligible employees.

The first, a profit sharing plan, has an effective date of July 1, 1994 and covers all full-time employees of the organization who have completed one year of service. Organization contributions are discretionary and limited by the internal revenue code. Total costs related to this plan were \$190,492 and \$100,475 for the years ended December 31, 2002 and 2001, respectively.

The second, a 401 (k) Profit Sharing Plan, was established on July 1, 1994 and was restated effective January 1, 1997. To be eligible to participate, an employee must have reached eighteen (18) years of age and have completed three (3) months of eligibility service. Pursuant to this plan, participant contributions cannot exceed 20% of compensation and are 100% vested and nonforfeitable. The organization will match the first \$500 of participant contributions. These matching contributions vest 20% per year over a five year period. Total costs related to this plan were \$43,797 and \$48,697 for the years ended December 31, 2002 and 2001, respectively.

- (2) The organization sponsors a 457 Deferred Compensation Plan for qualified employees. All contributions to the plan are voluntary and deducted from the participating employee's wages. The plan design follows the rules and regulations governing such plans.
- (3) On August 2, 2000, the date of his retirement, the organization agreed to pay biweekly retirement benefits of \$1,750.16 to Earl Gladden, its former President and CEO. These benefits are to paid for the rest of his life or ten years, whichever is greater. In the event of his death during the ten year period following retirement, one-half of the retirement benefit will be paid to his widow for the remainder of the ten year period.

NOTE 13 - CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- (a) Unrealized gains on US Treasury Bonds and agency securities totalled \$540,344 at December 31, 2002.
 - (b) Non-admitted assets totalled \$780,197 at December 31, 2002.

NOTE 14 - CONTINGENCIES

None.

NOTE 15 - LEASES

None.

NOTE 16 - INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

None.

$\frac{\text{NOTE 17 - SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF}}{\text{LIABILITIES}}$

None.

NOTE 18 - GAIN OR LOSS TO THE REPORTING ENTITY FOR UNINSURED A & H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans were as follows for the years ended December 31, 2002 and 2001:

		2002	2001
(a)	Gross reimbursement for medical costs incurred	\$ 98,581,811	\$ 82,053,952
(b)	Gross Administrative fees accrued	7,894,280	6,691,177
(c)	Other income and expenses	0	0
(d)	Gross expenses incurred	(106,476,091)	(88,745,129)
(e)	Total net gain or loss from operations	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 19 - DIRECT PREMIUMS WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS OR THIRD PARTY ADMINISTRATORS

None.

NOTES TO FINANCIAL STATEMENTS

NOTE 20 - OTHER ITEMS

None

NOTE 21 - EVENTS SUBSEQUENT

In connection with the organization's construction of a new office facilities building, the following contracts and agreement were negotiated.

- (1) On August 2, 2002, the organization entered into a contract with Williams and Dean Associated Architect, Inc. to design and assist with the construction of its new office facilities building, which will total approximately 40,000 square feet. Compensation for these services will be 4.5% of the construction costs.
- (2) On September 24, 2002, the organization purchased approximately nine acres of undeveloped land in Sherwood, Arkansas for use in the construction of its new office facilities building. Total cost of the land was approximately \$2,143,000.
- (3) On November 1, 2002, the organization entered into a contract with the Hathaway Group to serve as the listing agent with regard to the sale of its current office facilities on Shadow oaks Drive. This agreement will expire on July 30, 2003 and requires compensation equal to five percent of the building's total sales price.

NOTE 21 - EVENTS SUBSEQUENT (Continued)

- (4) On January 15, 2003, the organization entered into a contract with Baldwin & Shell Construction Co. to serve as the general contractor in the construction of its new office facilities. Compensation for these services will be 5.0% of the construction costs, not to exceed \$625,630.
- (5) As of the date of these financial statements, the construction loan agreement has not been finalized. Current negotiations are to obtain a \$5,000,000 construction loan using the organization's US Treasury Bonds as collateral. Interest, determined as LIBOR plus 50 basis points, will accrue as loan advances are received.
- (6) As of December 31, 2002, a total of \$119,178 has been paid for architectural, platting and surveying fees.

NOTE 22 - REINSURANCE

None.

NOTE 23 - RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO TERMINATION

None.

NOTE 24 - SALVAGE AND SUBROGATION

None.

NOTE 25 - CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The reserve for incurred claims and claim adjustment expenses attributable to insured events decreased \$397,275, from \$2,622,015 at December 31, 2001 to \$2,224,740 at December 31, 2002. This decrease is a result of the reestimation of unpaid claims and claim adjustment expenses principally related to dental insurance. Original estimates are increased and decreased as additional information becomes available regarding individual claims and as a result of ongoing analysis of recent loss development trends.

NOTE 26 - ORGANIZATION AND OPERATION

Delta Dental Plan of Arkansas, Inc. (the Organization) was organized on March 15, 1982, as a not-for-profit corporation exempt from income tax under section 501 (c) (4) of the Internal Revenue Code and is subject to regulation by the Insurance Department of the State Arkansas. The organization maintains and operates a not-for-profit dental care plan by which professional dental services are provided through employer groups to employees who are subscribers in the plan. Dental services are provided under written contracts with the employer groups which entitle the subscriber to certain dental services by dentists licensed and registered to practice with their state. The organization reimburses participating dentists for claims to eligible fees after applying deductibles, co-insurance and policy limitations in accordance with the contracts. The organization has certain contracts with employer groups in which it provides Administrative Services Contracts (ASC). Services include: review of claims, payment of benefits, notification to the insured parties, certain cost containment services and accounting reports. For these services, the organization receives an administrative fee and is reimbursed for all benefit payments. The books and records are maintained and the corporate office is located at 100 Shadow Oaks Drive, Sherwood, Arkansas.

NOTE 27 - MINIMUM NET WORTH

Under the laws of the state of Arkansas, the organization is required to provide a minimum contingency reserve of \$50,000. Pursuant to the Arkansas Statutory Deposit Requirements, the organization has pledged a certificate of deposit in the amount of \$50,000 to the Insurance Department of Arkansas.

SUMMARY INVESTMENT SCHEDULE

			Gro Investment	Holdings	Admitted Assets as Reported in the Annual Statement	
		Investment Categories	1 Amount	2 Percentage	3 Amount	4 Percentage
 1.	Bonds:					
	1.1 U.	.S. treasury securities	8,864,157	37.632	8,864,157	38.452
		S. government agency and corporate obligations				
	(e:	excluding mortgage-backed securities):				
		21 Issued by U.S. government agencies				
		22 Issued by U.S. government sponsored agencies				
		oreign government (including Canada, excluding mortgage-backed securities)				
		ecurities issued by states, territories, and possessions				
		nd political subdivisions in the U.S.:				
		41 States, territories and possessions general obligations				
	1.4	42 Political subdivisions of states, territories and possessions and political				
		subdivisions general obligations				
		43 Revenue and assessment obligations				
		44 Industrial development and similar obligations				
		ortgage-backed securities (including residential and commercial MBS):				
	1.3	51 Pass-through securities: 1.511 Guaranteed by GNMA				
			5,737,701	24.359		24.890
		1.512 Issued by FNMA and FHLMC 1.513 Privately issued		24.559	5,737,701	24.090
	1	1.513 Privately issued 52 CMOs and REMICs:				
		1 501 Jacuard by ENIMA and ELLI MC				
		1.522 Privately issued and collateralized by MBS issued or				
		guaranteed by GNMA, FNMA, or FHLMC				
		1.523 All other privately issued				
2.	Other d	lebt and other fixed income securities (excluding short term):	* * * * * * * * * * * * * * * * * * * *			
		naffiliated domestic securities (includes credit tenant loans rated by the SVO)	95,000	0.403	95,000	0.412
:		naffiliated foreign securities				
:	2.3 Af	ffiliated securities				
3.	Equity i	interests:				
;	3.1 In	vestments in mutual funds	* * * * * * * * * * * * * * * * * * * *			
;	3.2 Pr	referred stocks:				
	3.5	21 Affiliated				
	3.2	22 Unaffiliated				
;		ublicly traded equity securities (excluding preferred stocks):				
		31 Affiliated				
l .		32 Unaffiliated				
		ther equity securities:				
		41 Affiliated	0.504.470	40.700	0.504.470	
		42 Unaffiliated	2,521,172	10.703	2,521,172	10.937
'		ther equity interests including tangible personal property under lease: 51 Affiliated				
		FO Us official				
4.		ge loans:				
1		onstruction and land development				
1		gricultural	* * * * * * * * * * * * * * * * * * * *			
l	•	ingle family residential properties				
.		ultifamily residential properties				
.		ommercial loans				
5.		state investments:				
:	5.1 Pr	roperty occupied by company	3,249,023	13.793	2,746,403	11.914
:		roperty held for production of income				
	,	ncludes \$ 0 of property acquired in satisfaction of debt)	* * * * * * * * * * * * * * * * * * * *			
:		roperty held for sale (\$0 including property				
	ac	equired in satisfaction of debt)				
1	Policy lo	oans		[]		
1		ables for securities				
1		nd short-term investments	3,088,080	13.110	3,088,080	13.396
		nvested assets	00 555 465	100.000	00.050.545	100.000
10.	otal in	vested assets	23,555,133	100.000	23,052,513	100.000

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1	Is the reporting entity a member of an Insurance Holding Co is an insurer?	ompany System consisting of t	wo or more affiliated pers	ons, one or more of which	Yes[] No[X]
1.2	If yes, did the reporting entity register and file with its domic such regulatory official of the state of domicile of the princip providing disclosure substantially similar to the standards at Model Insurance Holding Company System Regulatory Act standards and disclosure requirements substantially similar	Yes[] No[X] N/A[]			
1.3	State Regulating?				
2.1	Has any change been made during the year of this stateme of the reporting entity?	nt in the charter, by-laws, artic	les of incorporation, or de	ed of settlement	Yes[X] No[]
2.2	If yes, date of change: If not previously filed, furnish herewith a certified copy of the	e instrument as amended.			09/20/2002
3.1	State as of what date the latest financial examination of the	reporting entity was made or i	s being made.		10/14/1999
3.2	State the as of date that the latest financial examination rep This date should be the date of the examined balance shee				10/14/1999
3.3	State as of what date the latest financial examination report domicile or the reporting entity. This is the release date or c (balance sheet date).		•		10/14/1999
3.4	By what department or departments? Arkansas Insurance D	Department			
4.1	During the period covered by this statement, did any agent, combination thereof under common control (other than sala a substantial part (more than 20 percent of any major line of	ried employees of the reportin	g entity) receive credit or	•	
				sales of new business? renewals?	Yes[] No[X] Yes[] No[X]
4.2	During the period covered by this statement, did any sales/s affiliate, receive credit or commissions for or control a subst direct premiums) of:	-	ent of any major line of bu	isiness measured on	V
				sales of new business? renewals?	Yes[] No[X] Yes[] No[X]
5.1	Has the reporting entity been a party to a merger or consolid	dation during the period covere	ed by this statement?		Yes[] No[X]
5.2	If yes, provide the name of the entity, NAIC company code, ceased to exist as a result of the merger or consolidation.	and state of domicile (use two	letter state abbreviation)	for any entity that has	
	1	2	3		
	Name of Entity	NAIC Company Code	State of Domicile	_	
		00000		\dashv	
		00000			
		00000			
		00000			
6 1	Has the reporting entity had any Cortificator of Authority lie	onsos or registrations (includi	ag corporate registration	if applicable)	
6.1	Has the reporting entity had any Certificates of Authority, lic suspended or revoked by any governmental entity during th				
	if a confidentiality clause is part of the agreement)		·		Yes[] No[X]
6.2	If yes, give full information				
7.1	Does any foreign (non-United States) person or entity direct	tly or indirectly control 10% or	more of the reporting enti	ty?	Yes [] No [X]
7.2	If yes,				
	7.21 State the percentage of foreign control7.22 State the nationality(s) of the foreign person				0 %
	or reciprocal, the nationality of its manager (e.g., individual, corporation, government,	•	y the type of entity(s)		
				\neg	
	1 Nationality	Z Time of			
	Nationality	Type of	∟ntity	\dashv	

(continued)

8.	What is the name and address of the independent certified public accour Massey & Wood 137 Shadow Oaks Drive, Sherwood, AR 72120	ntant or accounting firm retained to conduct the annual audit?	
9.	Dolto Dontal Blan of Michigan Inc		
10.	FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES	ONLY:	
10.1	What changes have been made during the year in the United States mar	nager or the United States trustees of the reporting entity?	
10.2	Does this statement contain all business transacted for the reporting enti	ity through its United States Branch on risks wherever located?	Yes[] No[X]
10.3	Have there been any changes made to any of the trust indentures during	the year?	Yes[] No[X]
10.4	If answer to (10.3) is yes, has the domiciliary or entry state approved the	changes?	Yes [] No [X] N/A []
	В	OARD OF DIRECTORS	
11.	Is the purchase or sale of all investments of the reporting entity passed u committee thereof?	upon either by the board of directors or a subordinate	Yes[X] No[]
12.	Does the reporting entity keep a complete permanent record of the procecommittees thereof?	Yes[X] No[]	
13.	Has the reporting entity an established procedure for disclosure to its boa affiliation on the part of any of its officers, directors, trustees or responsible official duties of such person?	•	Yes[X] No[]
		FINANCIAL	
14.1	Total amount loaned during the year (inclusive of Separate Accounts, ex	clusive of policy loans):	
		To directors or other officers	\$
		To stockholders not officers Trustees, supreme or grand (Fraternal only)	\$ \$
		7,	Ψ
14.2	Total amount of loans outstanding at the end of year (inclusive of Separa	ate Accounts, exclusive of policy loans): To directors or other officers	¢
		To stockholder not officers	\$ \$
		Trustees, supreme or grand (Fraternal only)	\$ \$
15.1	Were any assets reported in this statement subject to a contractual oblig obligation being reported in the statement?	ation to transfer to another party without the liability for such	Yes[] No[X]
15 2	If yes, state the amount thereof at December 31 of the current year:		
10.2		Rented from others	\$
	15.22	Borrowed from others	\$
	15.23	Leased from others	\$
	15.24	Other	\$
	Disclose in Notes to Financial the nature of each obligation.		
16.1	Does this statement include payments for assessments as described in tassociation assessments?	the Annual Statement Instructions other than guaranty fund or guaranty	Yes[] No[X]
16.2	If answer is yes:		
		Amount paid as losses or risk adjustment	\$
		Amount paid as expenses	\$
	16.23	Other amounts paid	\$

(continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
	Number of Shares	Number of Shares	Par Value	Redemption Price	Is Dividend Rate	Are Dividends
Class	Authorized	Outstanding	Per Share	If Callable	Limited?	Cumulative?
Preferred					Yes [] No [X]	Yes [] No [X]
Common				XXX	XXX XXX	XXX XXX

18.1		all the stocks, bonds and other securities owned Decer actual possession of the reporting entity on said date, ε	•			Yes [] No[X	.]	
18.2	^	give full and complete information, relating thereto Çust							
19.1	contro	any of the stocks, bonds or other assets of the reporting of the reporting entity, except as shown on Schedule ssets subject to a put option contract that is currently in	E - Part 2 - Special Deposits	s, or has the reporting entity s		Yes [] No[X]	
19.2	If yes,	state the amount thereof at December 31 of the currer	nt year:						
				Loaned to others		\$			
				Subject to repurchase agree Subject to reverse repurchase		\$ \$			
				Subject to dollar repurchase		\$			_
				Subject to reverse dollar rep	=	\$			
				Plead under entire agreem	anta	\$ \$			
				Placed under option agreem Letter stock or securities res		\$ \$			_
			19.29			\$			
19.3	For ea	ach category above, if any of these assets are held by c	other, identify by whom held:	:					
		19.31 0							
		19.32 0 19.33 0							
		19.34 0							
		19.35 0							
		19.36 0							
		19.37 0 19.38 0							
		19.39 0							
	For ca	ategories (19.21) and (19.23) above, and for any securi	ties that were made availabl	e for use by another person of	during the period covered				
	by this	s statement, attach a schedule as shown in the instructi	ons to the annual statement	t					
19.4	For ca	ategory (19.28) provide the following:							
	[1		2	3	٦			
		Nature of Restriction	Desc	ription	Amount	╛			
						-			
						┨			
						コ			
						╛			
20.1	Does	the reporting entity have any hedging transactions repo	orted on Schedule DB?			Yes [] No[X	.]	
20.2	If yes,	has a comprehensive description of the hedging progra	am been made available to	the domiciliary state?		Yes [] No[X	.] N/A []
	If no,	attach a description with this statement.							
21.1		any preferred stocks or bonds owned as of December 37, convertible into equity?	31 of the current year mand	atorily convertible into equity,	or, at the option of the	Yes [] No[X	.]	
21.2	If yes,	state the amount thereof at December 31 of the currer	nt year.			\$			
22.		ding items in Schedule E, real estate, mortgage loans a							
	-	deposit boxes, were all stocks, bonds and other securion qualified bank or trust company in accordance with Pa	-		=				
		cial Condition Examiners Handbook?	Ter Conoral, Coolon 14.11 C	ruotoulai oi Galottoopiilg rigit	or the rule	Yes [] No[X	.]	
	22.01	For agreements that comply with the reqiurements	of the NAIC Financial Cond	dition Examiners Handbook, o	complete the following:	-	-		
	ı	1			2	7			
		l Name of Custodian(s)		Custodia	an's Address				
]			
						4			

(continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes[] No[X]

22.04 If yes, give full and complete information relating thereto:

1	2	3	4
		Date of	
Old Custodian	New Custodian	Change	Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration	2	3
Central Registration Depository Number(s)	Name	Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

168,560

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Delta Dental Plan Association	\$ 168,560
	\$
	\$
	\$

24.1 Amount of payments for legal expenses, if any?

70,953

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1		2
Name	Amo	unt Paid
Southern & Allen	\$	69,297
	\$	
	\$	
	\$	

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

13,000

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or department of government during the period covered by this statement.

1		2	
Name	Amou \$ \$	unt Paid	
Phillips Management	\$	13,000	
	\$		
	\$		
	\$		

(Continued)

PART 2 - HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supple	ment Insurance in force?	YES[]	NO[X]
1.2	If yes, indicate premium earned on U.S. business only.		\$	
1.3	What portion of Item (1.2) is not reported on the Medicare 1.31 Reason for excluding	Supplement Insurance Experience Exhibit?	\$	
1.4	Indicate amount of earned premium attributable to Canadia		\$	
	Indicate total incurred claims on all Medicare Supplement i		\$	
	Individual policies:			
		Most current three years: 1.61 Total premium earned	\$	
		1.62 Total incurred claims	\$	
		1.63 Number of covered lives	\$	
		All years prior to most current three years: 1.64 Total premium earned	\$	
		1.65 Total incurred claims	\$	
		1.66 Number of covered lives	\$	
1.7	Group policies:	Most current three years:		
		1.71 Total premium earned	\$	
		1.72 Total incurred claims	\$	
		1.73 Number of covered lives All years prior to most current three years:	Φ	
		1.74 Total premium earned	\$	
		1.75 Total incurred claims 1.76 Number of covered lives	\$	
0.4	I look to a section of the section o		Ψ	
	returned when, as and if the earnings of the reporting entity		YES[]	NO[X]
2.2				
3.1		e of hospitals', physicians', and dentists' care offered to subscribers and	YES[]	NO[X]
3.2	If not previously filed furnish herewith a copy(ies) of such a	greement(s). Do these agreements include additional benefits offered?	YES[]	NO[X]
	Does the reporting entity have stop-loss reinsurance?		YES[]	NO[X]
4.3	Maximum retained risk (see instructions)	4.31 Comprehensive Medical	\$	
		4.32 Medical Only	\$	
		4.33 Medicare Supplement 4.34 Dental	\$	2,500
		4.35 Other Limited Benefit Plan	\$	2,500
		4.36 Other	\$	
5.	hold harmless provisions, conversion privileges with other agreements:	to protect subscribers and their dependents against the risk of insolvency including carriers, agreements with providers to continue rendering services, and any other		
	Does the reporting entity set up its claim liability for provide		YES[]	NO[X]
u.Z				
7.	Provide the following information regarding participating pro			
		7.1 Number of providers at start of reporting year7.2 Number of providers at end of reporting year		902 890
0.4	Dona the annualist and the base has in an activity to the second		VEC [1	
	Does the reporting entity have business subject to premiun	n rate guarantees?	YES[]	NO[X]
8.2	If yes, direct premium earned:	8.21 Business with rate guarantees between 15-36 months8.22 Business with rate guarantees over 36 months		
9.1	Does the reporting entity have Bonus/Withhold Arrangeme	nts in its provider contracts?	YES[]	NO[X]
9.2	If Yes:	OOA Marian and a state of the base of	•	
		9.21 Maximum amount payable bonuses9.22 Amount actually paid for year bonuses	\$	
		9.23 Maximum amount payable withholds	\$	
		9.24 Amount actually paid for year withholds	\$	
10.	List service areas in which reporting entity is licensed to op	erate:		
		1		\neg
		Name of Service Area		
	Dental Insurance			
				\dashv

FIVE-YEAR HISTORICAL DATA

		1	2	3	4	5
		2002	2001	2000	1999	1998
	BALANCE SHEET ITEMS (Pages 2 and 3)					
1.	Total admitted assets (Page 2, Line 23)	27,464,025	25,651,099	21,000,006	17,498,081	14,796,404
2.			6,087,327	6,085,692	5,927,189	4,564,586
3.	Statutory surplus		50,000	50,000	50,000	50,000
4.			19,563,772	14,914,314	11,570,892	10,231,818
	INCOME STATEMENT ITEMS (Page 4)					
5.	Total revenues (Line 7)	42,089,864	38,467,149	35,230,959	32,781,575	26,528,224
6.	Total medical and hospital expenses (Line 17)	36,011,966	31,395,952	30,460,126	28,830,003	22,996,735
7.	Total administrative expenses (Line 19)	3,254,317	1,734,567	2,689,641	3,122,692	3,106,843
8.	Net underwriting gain (loss) (Line 22)	1,412,405	3,531,872	2,081,192	828,880	424,646
9.	Net investment gain (loss) (Line 25)	1,335,872	984,034	939,809	921,084	763,170
10.	Total other income (Line 26 plus 27)	185,281	89,172	68,468	39,972	84,075
11.	Net income or (loss) (Line 30)	2,933,558	4,605,078	3,089,469	1,789,936	1,271,891
	RISK-BASED CAPITAL ANALYSIS					
12.	Total adjusted capital	21,357,617	19,563,772	14,914,314	11,570,892	10,231,818
13.	Authorized control level risk-based capital	1,762,520	1,531,818	1,362,798	1,192,163	885,132
	ENROLLMENT (Exhibit 2)					
14.	Total members at end of period (Column 5, Line 7)	104,766	92,759			
15.	Total members months (Column 6, Line 7)	1,227,487				
	OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5)					
16.	Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17.	Total medical and hospital (Line 17)	85.6	81.6	86.5	87.9	87.0
18.	Total underwriting deductions (Line 21)	96.6	90.8	7.6	9.5	12.0
19.	Total underwriting gain (loss) (Line 22)	3.4	9.2	5.9	2.6	2.0
	UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20.	Total claims incurred for prior years (Line 11, Col. 5)	2,166,415	2,299,240	2,912,000	2,832,918	1,876,000
21.	Estimated liability of unpaid claims - [prior year (Line 11, Col. 6)]	2,500,000	3,180,000	2,912,000	2,832,918	1,876,000

FIVE-YEAR HISTORICAL DATA (Continued)

		1	2	3	4	5
		2002	2001	2000	1999	1998
	INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	*******		******		
26.	Affiliated mortgage loans on real estate					
27.	All other affiliated					
28.	Total of above Lines 22 to 27					

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

		1	2	3	4
Description		Book/Adjusted Carrying Value	Fair Value (a)	Actual Cost	Par Value of Bonds
BONDS Governments	United States Canada Other Countries	14,601,858	15,143,130	14,707,630	14,226,00
(Including all obligations guaranteed by governments)	4. Totals	14,601,858	15,143,130	14,707,630	14,226,00
States, Territories and Possessions (Direct and guaranteed)	5. United States 6. Canada 7. Other Countries			, . ,	
(Elifot and guarantoss)	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 10. Canada 11. Other Countries				
Special revenue and special assessment obligations and all non-guaranteed	12. Totals 13. United States 14. Canada 15. Other Countries				
obligations of agencies and authorities of governments and their political subdivisions	16. Totals				
Public Utilities (unaffiliated)	17. United States 18. Canada 19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 22. Canada 23. Other Countries	95,000	95,000	1,00,000	100,00
(24. Totals	95,000	95,000	100,000	100,00
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	14,696,858	15,238,130	14,807,630	14,326,00
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States 28. Canada 29. Other Countries				
Banks, Trust and Insurance Companies (unaffiliated)	30. Totals 31. United States 32. Canada 33. Other Countries 34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States 36. Canada 37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
COMMON STOCKS Public Utilities (unaffiliated)	40. Total Preferred Stocks 41. United States 42. Canada 43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 46. Canada 47. Other Countries				
	48. Totals	0.504.470	0 504 470	2 407 040	
Industrial and Miscellaneous (unaffiliated)	49. United States 50. Canada 51. Other Countries				
Parent Subsidiaries and Affiliates	52. Totals	2,521,172	2,521,172	3,187,949	
Parent, Subsidiaries and Affiliates	53. Totals	0.504.450	0.504.470	3,187,949	
·	54 Total Common Stocks	9 591 179			
·	54. Total Common Stocks 55. Total Stocks	2,521,172 2,521,172	2,521,172 2,521,172	3,187,949	

⁽a) The aggregate value of bonds which are valued at other than actual fair value is \$ _______0.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of bonds and		Foreign Exchange Adjustment:
	stocks, prior year	16,830,112	6.1 Column 17, Part 1
2.		13,196,160	6.2 Column 13, Part 2, Section 1
3.	Increase (decrease) by adjustment:		6.3 Column 11, Part 2, Section 2
	3.1 Column 16, Part 1 (92,935)		6.4 Column 11, Part 4
	3.2 Column 12, Part 2, Section 1		7. Book/adjusted carrying value at end of current period 17,218,030
	3.3 Column 10, Part 2, Section 2 (666,777)		Total valuation allowance
	3.4 Column 10, Part 4 (42,964)	(802,676)	9. Subtotal (Lines 7 plus 8) 17,218,030
4.	Total gain (loss), Column 14, Part 4	638,813	10. Total nonadmitted amounts
5.	Deduct consideration for bonds and stocks		 Statement value of bonds and stocks, current period 17,218,030
	disposed of Column 6, Part 4	12,644,379	

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only			
					3	4	5	6
			Guaranty	Is Insurer				Federal Employees
	State, Etc.		Fund (Yes or No)	Licensed (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Health Benefits Program Premiums
1.		AĻ.	NO	NO				
2.		AK.	NO	NO				
3.		AZ.	NO	NO	40,000,004			
4. 5.		AR CA	YES NO	YES NO	42,089,864			
6.		CO	NO	NO				
7.		СТ	NO	NO				
8.		DE	NO	NO		******	******	
9.		DC	NO	NO				
10.		FL. GA	NO NO	NO NO				
12.		HI	NO	NO				
13.		ID	NO	NO			* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *
14.	Illinois	İL	NO	NO				
15.		ĬΝ.	NO	NO				
16.		IA.	NO NO	NO				
17. 18.		KS KY	NO NO	NO NO				
19.		LA.	NO	NO			******	
20.		ME	NO	NO				
21.	Maryland	MD	NO	NO				
22.		ΜA	NO	NO.				
23.	•	ΜĬ	NO	NO				
24. 25.		MN MS	NO NO	NO NO				
26.	• • • • • • • • • • • • • • • • • • • •	MO	NO	NO				
27.		MT	NO	NO			* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *
28.		ΝĒ	NO	NO				
29.		ΝV	NO	NO				
30.		ЙĤ	NO NO	NO				
31. 32.		NM ŅJ.	NO NO	NO NO				
33.		NY	NO	NO			******	
34.		NC	NO	NO			* * * * * * * * * * * * * * * * * * * *	
35.	North Dakota	ND	NO	NO				
36.		OH	NO	NO				
37.		OK OR	NO NO	NO NO				
38. 39.		PA	NO	NO				
40.		RI	NO	NO				
41.		SC	NO	NO				
42.		SD	NO	NO		******	******	
43.		TN	NO	NO				
44. 45.		TX UT	NO NO	NO NO				
46.		VT.	NO	NO	* * * * * * * * * * * * * * * * * * * *			
47.		VA	NO	NO			* * * * * * * * * * * * * * * * * * * *	
48.	Washington	WA	NO	NO				
49.		ΜŇ	NO	NO				
50.		WI.	NO NO	NO NO				
51. 52.		WY AS	NO NO	NO NO				
53.		GU	NO	NO	* * * * * * * * * * * * * * * * * * * *			
54.		PR	NO	NO				
55.		ΝI	NO	NO				
56.		CN	NO	NO V V V				
57. 58.	Total (Direct Business)	OT.	XXX	(a) X X X	42,089,864			
5701. 5702. 5703.	TAILS OF WRITE-INS							
5798.	Summary of remaining write-ins for L Totals (Lines 5701 through 5703 plus							
	Explanation of basis of alllocation by states, premiums by state, etc.							

Explanation of basis of alllocation by states, premiums by state, etc.

⁽a) Insert the number of yes responses except for Canada and other Alien.

Annual Statement for the year 2002 of the	Delta Dental Plan of Arkansas, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP PART 1 - ORGANIZATIONAL CHART

NONE

Annual Statement for the year 2002 of the	

OVERFLOW PAGE FOR WRITE-INS

OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation UNDERWRITING AND INVESTMENT EXHIBIT **PART 3 - ANALYSIS OF EXPENSES**

		1 Claim	2 General	3	4
		Adjustment	Administrative	Investment	
		Expenses	Expenses	Expenses	Total
F	REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR EXPENSES				
2504.	Record Storage	7,459	13,192		20,651
2505.	Seminars	10,302	18,220		28,522
2506.	Subscriptions & Dues	4,501	7,959		12,460
2507.	Reimbursement of Original Provider Fee		271,600		271,600
2508.					
2509.					
2510.					
2511.					
2512.					
2513.					
2514.					
2515.					
2516.					
2517.				* * * * * * * * * * * * * * * * * * * *	
2518.					
2519.				* * * * * * * * * * * * * * * * * * * *	
2520.				* * * * * * * * * * * * * * * * * * * *	
2521.				* * * * * * * * * * * * * * * * * * * *	
2522.					
2523.					
2524.					
2525.					
2597.	Totals (Lines 2504 through 2525) (Page 14, Line 2598)	22,262	310,971		333,233